Fee Calculation Methods

Introduction:
Fee Calculation Methods are used in calculating the fee amounts on Cost Plus contracts.

Description:
The Actuals Formula of the Fee Calculation Method defines the fee calculation method. Examples include total cost, total hours or direct labor. The FEE METHOD NAME can be selected to appear as part of the invoice format.

Note: Fees can appear on FP and TM projects for informational reporting only but won’t impact revenue recognition or billing. Fee calculation methods affect billing and reporting on CP (Cost Plus) projects.

Navigate to Admin > Setup > Accounting > Fee Calculation Methods > +Fee Calculation Method.

The calculated fee is the result of the Actuals Formula multiplied by the Factor established on the Accounting tab in the Project Profile. The FACTOR TYPE can be either a Percent or a Number. Number would be used if it’s a fee per labor hour (i.e., $4 per hour), while Percent would be used if it’s a % of cost (i.e., 3% of total cost). Number would be used if in the Admin > Setup > Fee Calculation, you had specified Hours instead of Cost as in the example below.

When a FIXED FEE AMOUNT is entered on the Accounting tab, the calculated fee will be limited by this amount. Similarly, any unrecognized fixed fee will be recognized at the completion of the project. The fee will apply to billable costs.

If the FACTOR or FIXED FEE AMOUNT is changed during the life of the project, fee adjustments will be posted accordingly.

Multiple fee calculation methods have been already provided under the Fee Method Name column.
For details on fee cap adjustments, see the Project Profile.

Additional Information

Help Docs - Fee Calculation Methods

KC - Quick Video - Multiple Fee Calculations and Fee Caps